

## **HISTORY OF THE 2003-05 BIENNIAL BUDGET**

This section provides a narrative history of the 2003-05 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point.

On August 2, 2002, the Department of Administration released condensed budget instructions to each state agency. On August 8, 2002, the Department of Administration issued more detailed budget instructions as well as the Governor's major policy priorities and procedures that agencies should follow in preparing their 2003-05 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2003-05 biennial budget assuming zero growth in overall state general purpose revenue (GPR) appropriations, except for K-12 equalization aids, required cost-to-continue needs for the state's institutions (in the Department of Corrections and the Department of Health and Family Services), medical assistance, and standard budget adjustments. This directive also applied to segregated (SEG) funded administrative operations appropriations of the Department of Transportation, Department of Natural Resources, and the lottery.

Beginning in the 2003-05 biennium, one-third of all state agencies are required by statute to complete a base budget review. On September 3, 2002, the Department of Administration released the list of agencies that were selected to complete a base budget review as part of the 2003-05 biennial budget process. These agencies were:

- Department of Agriculture, Trade, and Consumer Protection;
- Department of Commerce;
- Department of Electronic Government;
- Department of Employee Trust Funds;
- Department of Financial Institutions;
- Department of Justice;
- Legislature;
- Department of Military Affairs;
- Department of Natural Resources;
- Office of the Governor;
- Office of the Lieutenant Governor;
- Department of Public Instruction;
- Department of Regulation and Licensing;
- Department of Revenue;

- State Fair Park Board;
- Technical College System;
- Department of Tourism;
- Department of Veterans Affairs; and
- Department of Workforce Development.

Agencies were instructed to submit their formal budget to the Executive Budget Office and the Legislative Fiscal Bureau by September 16, 2002. The Executive Budget Office began reviewing agency funding requests as they were submitted. On November 20, 2002, as required by statute, the Executive Budget Office distributed to Governor Scott McCallum, Governor-Elect James E. Doyle, Jr., and the Legislature, a compilation of state agencies' 2003-05 biennial budget requests. This summary indicated that agencies were seeking total 2003-05 funding of \$51.66 billion (all funds), of which \$25.04 billion was requested from general purpose revenue. Also included in the summary was the statutorily required estimate of tax revenues for fiscal year 2002-03 and the 2003-05 biennium, as developed by the Department of Revenue. Total general fund tax collections for the 2003-05 biennium were projected at \$22.55 billion.

Governor-elect Doyle held six listening sessions in December, 2002, on ways to reduce state spending. These public sessions were in Wausau and Appleton on December 11, in Racine on December 12, in Superior on December 13, and in Eau Claire and La Crosse on December 16. On January 7, 2003, newly-inaugurated Governor Doyle directed state agencies to re-submit their budget requests such that the request used fewer GPR dollars than the agencies' current budgeted GPR amount.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 23, 2003, the Bureau estimated that the state's general fund would realize a total of \$646.1 million less in the period from 2002-03 through 2004-05 than was reflected in the report from the Departments of Administration and Revenue.

The Governor, with the assistance of the Department of Administration, continued to review agency funding and policy change requests during this time to develop specific gubernatorial budget recommendations for each agency for submittal to the 2003 Legislature. Also during this period, the Governor made decisions on individual funding and policy initiatives to be included in the biennial budget bill.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the new Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2003 Senate Joint Resolution 6, adopted by the Senate on January 28, 2003, and concurred in by the Assembly on the same day, this deadline for

the submission of the Governor's budget message and the executive budget bill (or bills) was extended to February 18, 2003. Governor Doyle officially delivered his 2003-05 biennial budget message and recommendations to a joint convention of the Legislature on February 18, 2003.

On February 20, 2003, the Joint Committee on Finance, at the request of the Governor, introduced the biennial budget bill in the Senate. The bill, formally introduced as Senate Bill 44 (SB 44) was read for the first time and referred to the Joint Committee on Finance for further consideration. The Governor subsequently submitted the recommendations of the State Building Commission constituting the capital budget and the state building programs to the Joint Committee on Finance on March 31. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

On February 20, a report was requested from the Joint Survey Committee on Retirement Systems on the provisions of SB 44 that would make changes to the state retirement system. There were two provisions in SB 44 that met this criterion. The Joint Survey Committee met on May 21 and determined that one item (use of certain tax-sheltered annuity funds to purchase forfeited service credits) represented good public policy and should be included in the budget. The Joint Survey Committee recommended that the second item (minimum separation period for purposes of receiving a retirement annuity) be deleted from SB 44. The Joint Survey Committee's report was received by the Legislature on June 3. The Joint Committee on Finance and the Legislature subsequently agreed with the Joint Survey Committee's recommendations.

On March 17, 19, 20, and 26, the Joint Committee on Finance held agency informational briefings on the biennial budget bill. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. The Joint Committee on Finance also held seven public hearings on the biennial budget bill to solicit public testimony on the proposals. Public hearings were held in Rhinelander on March 24, Menasha on March 25, Milwaukee on March 31, River Falls on April 3, Platteville on April 8, Madison on April 9, and in Medford on April 9, via teleconference. While the Joint Committee on Finance was conducting its informational briefings and public hearings, many of the committees in each house of the Legislature also held hearings on those aspects of the executive budget bill that fell under their subject matter jurisdiction.

On April 17, 2003, Senator Alberta Darling (R-River Hills), the Senate Chair of the Joint Committee on Finance, and Representative Dean Kaufert (R-Neenah), the Assembly Chair of the Joint Committee on Finance, issued a memorandum outlining the process that the Committee would follow during its deliberations on the 2003-05 state budget. The following procedures were announced:

- The Joint Committee on Finance would work from SB 44, and upon the completion of the Committee's work, all modifications would be incorporated into a substitute amendment to SB 44, which would be reported to the Senate for first house consideration.

- For all agencies and programs, the Joint Committee on Finance would work from the Governor's recommendations contained in SB 44. The Committee would entertain motions to amend the bill and a majority vote would be required for the bill to be amended.

- A total of 21 nonfiscal policy items in SB 44 were identified that would not be addressed as part of the Joint Committee on Finance's budget deliberations. These provisions were deleted from the biennial budget bill.

The Joint Committee on Finance held a total of 15 executive sessions on the biennial budget bill. The first executive session was held on April 23, and the last was held on June 4. At the Committee's final June 4 executive session, the Committee adopted a substitute amendment (SSA 1 to SB 44) incorporating all of its previous actions modifying the biennial budget and recommended passage of the substitute amendment on a vote of 12 to 4. The revised budget bill, SSA 1 to SB 44, was formally reported to the Senate on June 16.

On June 12, the Legislative Fiscal Bureau conducted briefings before both houses of the Legislature on the major provisions of the substitute amendment and conducted subsequent briefings before the Senate Democratic Caucus on June 13 and before the Assembly Democratic Caucus on June 18.

The Senate began consideration of the 2003-05 state budget on June 18, 2003. During the Senate's deliberations, 122 amendments to SSA 1 were offered and 11 Senate amendments were offered to two of the SSA 1 amendments. Two Senate amendments to SSA 1 were adopted – SA 119, as amended by SA 1, and SA 121. The Senate substitute amendment (SSA 1), as amended, was adopted, and the bill, as amended, was passed on a vote of 17-16. The bill was ordered immediately messaged to the Assembly.

The Assembly began consideration of the 2003-05 state budget on June 19, 2003. A total of 55 amendments to SB 44, as amended by the Senate, were offered. Assembly amendment 55 to SB 44 was adopted. The Assembly then voted concurrence 58-37 (with two votes paired). The bill was then sent to the Senate for concurrence. The Senate received the bill, as amended by the Assembly, on June 20. On June 24, the Senate concurred in the Assembly amendment.

Enrolled SB 44 was presented to the Governor on July 21, 2003. He approved the bill, in part, on July 24 and had it deposited to the Office of the Secretary of State as 2003 Wisconsin Act 33. The Governor indicated in his message to the Senate that he had exercised his authority to make 131 partial vetoes to the bill, as passed by the Legislature.

Act 33 was published on July 25, and except as otherwise specifically provided, became effective the following day.

On August 12, the Senate convened to vote on overriding two of the Governor's partial vetoes that related to limiting local property tax levels. The override failed, on a vote of 21 to 12; a two-thirds majority of 22 votes were needed to override a veto. The Legislature did not act on any other of the Governor's partial vetoes. Therefore, none of the Governor's partial vetoes have been overturned by the Legislature.

In addition to SB 44, the Legislature passed a budget trailer bill, SB 206, which modified the municipal levy limits proposed in SB 44. SB 206 was introduced in the Senate on June 23 and was referred to the Committee on Senate Organization. On the same day, the Committee on Senate Organization held an executive session and recommended passage of the bill on a vote of 5-0. On June 24, the Senate considered SB 206 and passed it on a 22-11 vote. The bill was immediately messaged to the Assembly where it was concurred in on June 25 on an 81-11 vote. SB 206 was enrolled on June 30 and presented to the Governor on July 21. The Governor vetoed the bill in its entirety on July 24.

## **BRIEF CHRONOLOGY OF THE 2003-05 BUDGET**

### **GOVERNOR/ADMINISTRATION**

- August 2, 2002 Department of Administration issued condensed budget instructions
- August 8 Department of Administration issued detailed budget instructions
- September 3 Department of Administration released list of agencies subject to base budget review
- September 16 Agency deadline for submission of budget requests
- November 20 Executive Budget Office submitted a compilation of agency budget requests and a Department of Revenue estimate of tax revenues
- December 11–16 Governor-elect Doyle held public hearings
- February 18, 2003 Governor Doyle delivered budget message and recommendations to the Legislature
- March 31 Governor Doyle submitted recommendations of the State Building Commission for the capital budget and authorized state building program

### **JOINT COMMITTEE ON FINANCE**

- January 23 Legislative Fiscal Bureau releases general fund expenditure and revenue projections
- February 20 Introduced 2003 Senate Bill 44 as the executive budget bill
- March 17-26 Budget bill briefings by agency officials
- March 24-April 9 Public hearings
- March 31 Received recommendations of the State Building Commission for the capital budget and authorized state building program
- April 17 Nonfiscal items removed from budget bill
- April 23-June 4 Executive sessions
- June 4 Adopted Senate Substitute Amendment 1 (SSA 1) to SB 44 and passed the bill on a 12-4 vote
- June 16 SSA 1 to SB 44, as recommended by the Joint Committee on Finance, reported to the Senate

### **LEGISLATURE**

- June 3 Report of the Joint Survey Committee on Retirement Systems received
- June 12 Briefing for a combined session of the Legislature on SSA 1 to SB 44
- June 13 Briefing for the Senate Democratic Caucus
- June 18 Briefing for the Assembly Democratic Caucus

- June 18 Senate adopted Senate Amendment 1 to Senate Amendment 119 to Senate Substitute Amendment 1 and Senate Amendment 121 to Senate Substitute Amendment 1 and the bill as amended on a vote of 17-16
- June 19 SB 44, as amended, received by Assembly; Assembly adopted Assembly Amendment 55 to amended SB 44 and concurred in SB 44, as amended, on a vote of 58-37 (with two votes paired)
- June 20 Senate received concurred bill from Assembly
- June 24 Senate voted concurrence

## ENACTMENT

- July 21 Enrolled SB 44 presented to Governor
- July 24 Governor approved bill, with partial vetoes, as 2003 Wisconsin Act 33
- July 25 Act 33 published
- July 26 Act 33 became generally effective